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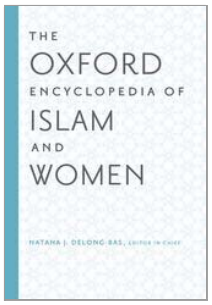

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Financial Institutions.

The last two centuries have seen the emergence of modern government in the Islamic world. An important part of this process has involved the creation of institutions for macroeconomic management. The role of the state in the economy has been formalized with the introduction of ministries of finance, planning, industry, agriculture, and commerce. At the same time, central banks have been created, and a large number of organizations that play some role in the regulation of economic activity, from chambers of commerce to worker's syndicates and trade unions, have emerged. Some of these are mere agents of government, but others enjoy considerable autonomy.

There has always been a tendency to see economics and economic principles as gender-neutral, with gender being a passive, rather than active, presence in economic relations. Yet, in both traditional and contemporary Islamic institutions, Islamic law in all its genres and interpretations has, in many ways, worked in favor of gender difference rather than against it. The notion of economic rights for men and women with respect to money and property has remained a constant in economic and legal transactions. Where equal rights for women are/were vague, women have taken the opportunity to subvert the social and political spaces to which they might be confined and to turn them to their advantage. As women in the Muslim world increasingly dominate the labor force, carve out careers, and actively engage in the business world as entrepreneurs, financial institutions have increasingly accommodated them as important clients and members.

Western economics is, for the most part, believed to be universally applicable, reflecting the assumed value-free and culturally independent nature of its methodology. At the policy level, however, experience from many parts of the world indicates that such assumptions are simplistic, if not completely misleading. Yet, the universality of economic epistemology is seldom questioned in the West, but it is in the Islamic world, where the subject has its own axioms. The school of Western thought known as institutional economics has perhaps a more relevant approach for dealing with Islamic societies. Institutionalists believe that the political and social structures of a country influence how its economy works and that other disciplines, including law, sociology, and anthropology, are relevant to economic

problems. A neoclassical approach that tries to isolate supply and demand from the market environment in which they operate is not very instructive in Islamic societies. The institutions involved in economic policy formation or execution are staffed by people with beliefs and values and nowhere more so than in an Islamic society. Simplistic economic models that assume so-called rational maximizing behavior fail to explain much of what is actually taking place in particular economies, where, after all, it is social beings who are the economic agents, not impersonal mechanistic forces. Models within which men and women often negotiate different terms of engagement are shaped and inculcated by the specificity of existing cultural mores in every Muslim society.

Islamic Financial Institutions.

Institutions concerned with the collection of taxes and the disbursement of the proceeds have existed since the time of the Prophet. The Bayt al-Māl (house for money) is traditionally responsible for taxation. It is usually a public institution that is responsible for the expenditure of public income and welfare provision. Thus, Bayt al-Māl “acts as a treasury complemented with the task of planning and distributing society's wealth in the whole socio-economic and political set-up of the nation” (Namazi, 2010, p. 75).

The finances of citizens of the Islamic state were administered separately from those of the royal household through the Bayt al-Māl al-Muslimīn. Responsibilities were wide-ranging, from public works, such as the construction and maintenance of roads and bridges, to social expenditures, which were designed to help the poor and needy. The latter was financed with revenue from the *zakāt* (Islamic tax on wealth). The *zakāt al-fiṭr* (alms on feast), one of the five pillars of Islam, is an obligation by all Muslims, both men and women, who have the capacity to do so, to pay alms annually during the month of Ramadan. In the past, this was paid, either directly or via appointed *zakāt* collectors, to the Bayt al-Māl al-Muslimīn, which would administer one of the remits of its public duty—to achieve socioeconomic justice through the alleviation of poverty and disadvantage in society. *Zakāt* is the Muslim equivalent of Western charity, although it is an embedded and fundamental principle of Islam and has a much longer history (see Lubis et al., 2011; Toor and Nasar, 2003).

Zakāt collection in the contemporary period varies from a centralized, obligatory payment system through state institutions, as in Saudi Arabia or Pakistan; “voluntary” collections by the government, as in Bangladesh; or decentralized and undertaken locally through *zakāt* committees. The idea of *zakāt* being voluntary is questionable, because all Muslims have a socio-religious obligation to pay *zakāt al-fiṭr* as the act of cleansing one's “wealth” and purifying the soul, bringing the devout Muslim closer to God.

Zakāt does not refer simply to money, but can include gold, silver, shares, merchandise, or livestock. Women, for example, who may have no liquid assets but a significant quantity of gold jewelry would be required to pay *zakāt al fiṭr* because the jewelry is seen as an investment. In Saudi Arabia, a separate department exists in the Ministry of Finance and National Economy, tasked with collecting and distributing *zakāt*, while in other Muslim countries this process has been privatized, as in Malaysia, or decentralized, as in Pakistan. Most governments now operate e-portals so individuals can pay their *zakāt* either online or via their cell phones. This has been especially important to women in countries in which strict purdah cultural norms are imposed through gender segregation in public, and cyberspace offers a gender-free zone within which to pay accounts and manage their affairs. Distribution can be more complex especially in provinces or towns, where local decision making is placed in the hands of *zakāt* committees. In Pakistan, for example, women are members of the *zakāt* committees, along with *ummah*s and the judiciary, that assess the question of need, identify projects, and investigate potential social investment. The role of Muslim women in the family and the community and their responsibility for the well-being of the community, as expressed through a duty of care and charitable work, are highly valued and recognized in their appointment to the *zakāt* committees.

Shared Productive Resources—*waqf* and *waqif*s.

Islam recognizes the private ownership of property; indeed, there are well-defined laws governing the inheritance of property in the Qurʾān itself. However, there has always been provision for the voluntary transfer of land, property, and other income-producing assets to a *waqf* (charitable trust), and such transfers have been actively encouraged throughout Islamic history. This constitutes a charitable endowment to God from which all or part of the revenue can be used in service of the community as a whole residing in a particular area or state and is administered by the *waqf*. Accompanying this endowment is the inviolable right over *waqf* property that protects it from confiscations, disbursement, or repossession. Individuals or families (*waqif*s) that establish *waqf*s are able to protect their assets by handing them over as a public trust, while maintaining the right to appoint the administrators or employees, which would naturally include family members. A *waqf* could be one in which the founder stipulates whether all rights and assets remain exclusively for philanthropic purposes for its beneficent community or whether specific family members might receive a proportion of the resources/benefits from the endowment. Most effectively, it enables families to protect inheritable private property from one generation to the next.

In the past, men would frequently establish *waqf*s in the names of their wives and daughters, usually for gender-specific purposes, for example, supporting lower-class women who were widowed or divorced, the education of young girls, or shelters for women. Ahmed (1992), in her historical study of women and Islam, found that more than 30 percent of the *waqf*s in Egypt are named after upper-class women. Then, as now, wealthy women set up charitable foundations of their own supporting causes for which they have a passion, such as women-led development projects, skills projects, and women and the creative arts.

Family *waqf*s are also a means of securing private property and its endowment within the family and remain a legitimate means by which wealthy families can guarantee the inheritance of family property across generations. They are thus able to avoid the strictures of Islamic inheritance law whereby, for example, women have the right to receive an inheritance, but only half that of a man. A family *waqf* permits the *waqif* to endow an equal and viable property share to children, and this frequently benefits women. Moreover, it is not unusual for women to establish a *waqf* to protect their assets and property, no matter how much or how little, and to endow it in a way that suits them. For women who are divorced or widowed, establishing a family *waqf* ensures that their property will be inherited by their children and not by a new husband or stepchildren. Up until the early twentieth century, *waqf*s bestowed both rights and status on women that might not be extended to them under ʿ*ādah* (customary law) or Sharīʾah law and, in this way, were a means to circumvent existing sociocultural mores.

Engendering Economic Institutions.

As European influences and global trade permeated the Muslim world, financial institutions in both legal and operational terms took on a Western hue. Along with economic development, the expansion of large corporations, and the pressures of global trade, even the most devout and conservative Muslims of the Middle East have been obliged, for overseas business purposes at least, to engage with contemporary conventional banking institutions. The successor to Bayt al-Māl al-Muslimīn was a central Islamic commerce and finance bank operating on the principle of profit-and-loss sharing. The first such bank, the National Commercial Bank, was established in 1953 in Saudi Arabia and is now one of the largest financial institutions in the Arab world.

From the 1970s onward, the entry of Muslim countries into the international economy coincided with the implementation of five-year development plans in which women's employment was encouraged and facilitated and

universal women's education was underwritten by the public sector. Moreover, the private finance sector also responded to the rising profile of women in economic development, from the establishment of women-only banking and savings-and-loan cooperatives in South Asia to the expansion of Islamic banking facilities for women in the Muslim world. Under Sharīʾah law, women had gained the guaranteed right to own property almost a century and a half before Western women, and many women thus required appropriate and unfettered access to all banking facilities. Moreover, by 2003 almost 70 percent of women in Asia participated in the labor market and, even in the Arab world, which had the lowest rates of participation, the number of women entering the labor market had increased by 50 percent. This trend was followed by a commensurate expansion of Islamic banks of one form or another, as women, faced with discrimination within conventional banking, deliberately sought out establishments that adhered to the principles of Sharīʾah and within which women's rights over their finances and accounts were respected and recognized.

From the late 1990s, Islamic banks began to target and expand their female customer base. In countries where gender segregation in public was de jure, separate branches or banking facilities were extended to women and, even where it was not, Islamic banks began to offer separate facilities. In the Middle East, this financial drive was almost palpable as, by 2009, it was estimated that women held $500 billion in assets, which constituted 22 percent of the total managed funds in the region. In Saudi Arabia, where separate banking has existed for decades, it is estimated that women own $11 billion in cash deposits alone, whereas in 2006 the National Commercial Bank revealed that women owned 40 percent of real estate assets, 20 percent of the stock, and 18 percent of the current accounts in the Kingdom. Of little surprise, therefore, is the National Commercial Bank's long-standing commitment to women-only branches, of which it has established forty-six, with other banks in the region following suit. Moreover, since 2000 there has been an upsurge in financial institutions offering specialist gender-specific finance products that conform to the principles of Sharīʾah, most especially with respect to investment funds. These, however, sometimes have involved strategies from gimmickry to establishing “offshore” accounts. For example, in Malaysia, the Eoncap Islamic Bank offers a savings product for women called An-Nisa (“lady” in Arabic), which also provides medical benefits, such as mammograms, while in the Middle East one financial service company launched its Ladies Wealth Management Division in 2010 in Saudi Arabia, and in 2009 a Cayman Islands–based wealth management company launched the Ameerah fund across the Middle East, which offers women advice on Sharīʾah-compliant investing.

It is important to note, however, that Sharīʾah-compliant banking practices are not simply geared to the wealthy female client. In the Middle East, where the number of working women has increased exponentially, and in Southeast Asia, where approximately 70 percent of women participate in the labor market, offering services to this client base is fundamental. Islamic banking offers women respect and privacy, with Arab banks, for example, targeting working women who are offered credit cards and loans in their own right. Moreover, women are keen to maintain control of their own financial affairs through the modern-day version of the family *waqf*—the trust fund, investment portfolio, and the designated savings account. While wealthy women establish trust funds and investment portfolios for their children, working women with a small disposable income set up special savings accounts in the name of their daughters as an investment in their future. Like their mothers and grandmothers before them, they are paving the way for their children through the principle of self-help and good financial management.

The adoption of Islamic banking principles has not been confined to formal financial institutions. The Grameen Bank, established by Professor Muhammad Yunus in the mid-1970s, operates from a set of Islamic principles based on self-help, profit sharing, and group saving. The experiment was first carried out in Bangladesh, taking banking directly to the rural poor and placing women in the position of principal borrowers. Initially envisaged as a loan scheme to finance entrepreneurial incentives and income-generating activities, Grameen Bank, which is based on a system of graduated loans, has been used by women to fund other objectives. For example, the bank did not encourage giving

loans to buy land, on the grounds that this would contribute to landlessness. Yet, rural women would often pool their loans and form agricultural cooperatives whereby they could significantly increase their income and acquire land in a context within which women's access to land was restricted. In Bangladesh, the increase in male migration to the Middle East for higher-paid employment led to a new phenomenon by which women would take out loans for their daughter's dowry. This money was sometimes invested in the daughter's future husband, with the mother paying for visa papers, visas, and travel documents and expenses. While male migration may mean long periods of separation, it is viewed as a pathway to upward mobility, with wives micromanaging the remittances from overseas to accrue capital to invest in a house and property. Thus, working under the Grameen model, women's use of funding has extended beyond the original remit to making clear investments in not only their own future, but also that of their children.

Irrespective of the genre of the economic institution, women have played a fundamental role in the expansion of Islamic banking, both as clients and as banking personnel within the system itself. In the Middle East, where public gender segregation drove the push for separate banking facilities, the once niche market in Saudi Arabia spread across the Arab world and beyond in the process of the globalization of Islamic banking. This development has led to a commensurate expansion of female employment in all Islamic financial institutions, in both the Middle East and Asia, in the belief that female financial personnel would attract women's banking and investment to the banking establishment. Asia is also leading the way in gender-inclusive Islamic banking practices recruiting tertiary-educated female Islamic scholars as Sharīʾah advisors to financial institutions. Malaysia's Sharīʾah Advisory Council has two female scholars on its eleven-member board, while Indonesia includes six women on its thirty-five-member National Sharīʾah Council. Furthermore, since the 1990s, the profile of Muslim women as role models in the Islamic finance industry has led to a sharp increase in the numbers of women undertaking tertiary studies in this area. One academic interviewed by Power (2008) stated that, at the American University of Beirut, over half of the finance students were female. In view of the fact that the world of banking and finance is actively recruiting women and, in the principal Muslim Asian and Arab states, over 50 percent of the tertiary student population is female, the indications are that women's status and profile in financial institutions are on the rise.

Moreover, the spectacular rising profile of Southeast Asian and Arab women in national and global economic decision making is a clear indication of how far women have come in entering the highly patriarchal world of banking and finance. Leading the way is Malaysia with two women CEOs of national banks, one of whom, Fozia Amanulla, was the first female CEO of any Islamic bank in Malaysia. Zeti Akhtar Aziz, who is the central bank governor in Malaysia, is recognized as the major transformational force in making Kuala Lumpur the hub of Islamic banking in Asia. Indonesia also stands out as a country in which women have made their mark in business and finance. Sri Mulyani Indrawati, considered to be one of the most powerful women in Asia, was voted best finance minister in Asia, a post she held from 2007 until she stepped down in 2010 to take up her appointment as managing director of the World Bank.

In the Middle East and Central Asia, eight women have been appointed minister of finance since 2001: Turkmenistan, United Arab Emirates, Kuwait, Jordan, Kazakhstan, Kyrgyzstan, Lebanon, and Syria. One of *Forbes Magazine*'s “world's 100 most powerful women” and at the top of *CEO Middle East* magazine's “100 most powerful Arab women” 2012 list is Sheikha Lubna al-Qasimi of the United Arab Emirates (U.A.E.), the first woman ever to hold a cabinet position in that nation. In 2004 she was appointed minister of finance, and in 2008 she became minister for trade. Al-Qasimi is also a passionate advocate for women's rights in the U.A.E. Among her peers as powerful Arab women are, from Saudi Arabia, Lubna Olayan, the CEO of the Olayan Financing group and the first-ever female keynote speaker at the Jeddah Economic Forum, and, from Kuwait, Shaikha Al-Bahar, who is CEO of the National Bank of Kuwait, one of the highest-rated banks in the Middle East. All these women are recognized as outstanding role models in the Muslim world, being some of the first women to break into the higher echelons of national and

international financial institutions. As the demand for female specialists in finance and Islamic banking practice increases, women such as these will no longer be the exception that proves the rule.

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